

BTN

BUSINESS TRAVEL NEWS



DATA HUB

As you head into a new year, check out these nine takeaway trends from the corporate managed travel industry's 100 biggest spenders.

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BTN'S HALL OF FAME CLASS OF 2016

The father of electronic hotel distribution, a travel buyer continuously on the leading edge, the founder of four low-cost carriers & the inventor of the charge card.

PAGE 18



TRANSPORTATION

There's a new president at Southwest, and the carrier is boosting service to Ohio, Florida & the West Coast.

PAGE 26

FEATURE



What to Watch 2017

The managed travel industry has talked around the topic of data for more than a decade, but experts from booking to expense, sourcing to security and traveler experience to business intelligence tell BTN that data will change the game in 2017. One audacious claim is that data strategy will begin to dictate travel management strategy, upending the traditional hierarchy as travel managers focus on intelligence. Equally provocative: Increased data sophistication will break the annual hotel sourcing cycle, while travel safety and security tools will predict travel risk levels down to neighborhood by analyzing historic incidents. If your focus is on traveler satisfaction, data is still the key. Loyalty schemes will digest more data to personalize business trips, while artificial intelligence will begin to "learn" T&E patterns to streamline routines for travelers and their managers. There's more to travel management than data, though. BTN gathered 15 expert opinions on what will impact the industry and how to navigate 2017. We start the discussion with the Trump administration ...

FULL STORY ON PG 6

Startup Modernizes Confirmation Emails

BY JAY BOEHMER

SeatAssignMate wants to help travel agencies modernize reservation confirmations that land in the inboxes of travelers, using sales-capable, interactive emails.

Instead of static email confirmations, SeatAssignMate's technology delivers dynamic emails that update with real-time information. That means the content therein can change each time a travel Booker opens it, showing current ancillary sales opportunities, updated flight departure times and other pieces of information that change in the time between reservation and departure.

Within the email, travelers can check seat availability and view seat maps. They can select seats and click off to a secure site to buy better ones and purchase other ancillaries. The email enables flight check-in for some airlines, and a countdown to departure adjusts each time the

email is opened. Because the service is email enabled, it is available via various email clients viewed in either mobile or desktop iterations.

The New York-based startup has reported some progress. SeatAssignMate now can support agencies on Amadeus and Travelport, and the startup claimed that 35 travel agencies have adopted, including corporate travel management companies. Recently, it secured financial and strategic support through a joint JetBlue Airways and El Al Israel Airlines investment program for startups.

SeatAssignMate founder and CEO Li Shi said the value proposition for airlines is in providing a new channel to facilitate ancillary sales and reach customers. Via the confirmation emails, SeatAssignMate can

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DoubleDutch founder & CEO Lawrence Coburn on how his meeting app company will work with meetings registration and other tech

"You are not going to see DoubleDutch build something or buy something tomorrow, but you are going to see us looking at targeted partnerships with some of the upstream folks. We want to get closer to them."

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Meetings App Maker DoubleDutch's New Plan

San Francisco-based meetings app firm DoubleDutch has built its business by tracking live event data and attendee engagement. Ranked 95 on Deloitte's 2016 Technology Fast 500, the company restructured in July [and again this month, see page 30] and released a statement that it was "breaking hard" for profitability after largely sustaining itself on \$78 million in venture capital funds over the past six years. While maintaining its intense product focus, DoubleDutch is expanding its view on partnership strategies and setting its sights on more enterprise clients. To convert the business, CEO Lawrence Coburn told **BTN**, DoubleDutch wants to enter client conversations earlier in the process.

HOW IS YOUR CUSTOMER STRATEGY DEVELOPING IN 2017?

We're moving away from one-off event customers, even if it's a big event. That's not going to be our sweet spot. Because our sweet spot is data, the ability to compare events and optimize performance and do A/B testing, that's all a big selling point. We excel with customers that treat events as part of a campaign, run them year-round and do the performance comparisons. Those are the clients that really appreciate our platform. Tech, pharmaceutical, financial services, a bunch of big banks. Insurance is another strong area, as well as professional services. So there are a lot of corporates. We also think that association events model corporate events. The way we describe our ideal customer is an organization that sees events as a strategic means to an end and, therefore, cares about the data coming out of the event. The organizations where the event is the product are a little trickier for us.

YOU WORKED IN TANDEM WITH AMERICAN EXPRESS MEETINGS & EVENTS ON AN APP SPECIFICALLY FOR PHARMACEUTICAL EVENTS; WHAT WAS THE OBJECTIVE FOR THAT AND HOW IS IT GOING?

For pharmaceutical, there's a governance and compliance component. It's important for them to track every aspect of their meetings, and our event engagement vision ties nicely with that. American Express Meetings & Events has been a great channel partner for us to help us get to know some of the big pharma companies better. We started off with Bristol-Myers Squibb, Novartis, Sanofi. We are starting to put some more thought into how we can better tailor our product to meet their needs. What we released with American Express last year is just the start of what we hope to deliver.

MOBILE MEETINGS APP ADOPTION HAS SKYROCKETED OVER THE PAST TWO YEARS, AND MANY COMPANIES ARE GRASPING FOR A PIECE OF THAT BUSINESS. WHERE DO YOU FIT IN?

We've taken the approach that being best in class is the way to go. So we put every engineering minute we have into mobile experience and analytics. We want to let the folks who come out of registration work on registration. We feel the folks that try to do every-



Lawrence Coburn, founder & CEO of meetings app DoubleDutch, talks about:

- The opportunity presented by the Cvent-Lanyon merger
- Plans to approach more enterprise customers
- Messaging platforms for influencing & measuring attendee behavior

thing—whether it's sourcing, registration, analytics or whatever—they're going to do a mediocre job at all that. Some of the bigger companies trying to do that are an example of this, in our opinion. We see the Cvent-Lanyon merger, for example, as an opportunity for someone.

AS YOU APPROACH MORE ENTERPRISE CLIENTS, DO YOU SEE ANY BENEFIT FOR DOUBLEDUTCH TO GET INTO MEETINGS REGISTRATION OR OTHER MEETINGS TECH FUNCTIONALITY IN ORDER TO LEVERAGE DATA CAPTURED OUTSIDE THE EVENT PROPER?

As our data story comes into focus, there are some really interesting signals that are captured by systems upstream from us. So whether it's interactions with an event website or demographic fields in registration itself or how people respond to email campaigns or even emerging stuff we see with companies like Feather with retargeting [i.e., grabbing up advertising inventory around the Web, to serve up promotions for events] and how interactions are happening with those advertisements. Those are all signals. While product vision drives everything for us, we see an opening [with these related data signals] to increase our sales and marketing opportunities and to get into conversations earlier in the life cycle. That is interesting to us. You are not going to see DoubleDutch build something or buy something tomorrow, but you are going to see us looking at targeted partnerships with some of the upstream folks. We want to get closer to them.

WITH MARKETO ACQUIRED BY VISTA EQUITY PARTNERS LAST YEAR, YOUR DEEPEST DOWNSTREAM INTEGRATION TO DATE NOW SITS IN THE SAME PORTFOLIO AS YOUR NEWLY ENHANCED COMPETITOR CVENT. WILL YOU DEVELOP DIFFERENTLY NOW?

Cvent may now have access to tighter integrations than we would because they are owned by the same company [as Marketo]. We are conscious of that, but it doesn't change our path in the short term. Live Engagement Marketing is a way to generate audiences, to build lists of interesting audience segments in a theme that are sending similar signals. Then you in-

"Cvent may now have access to tighter integrations than we would because they are owned by the same company [as Marketo]. We are conscious of that, but it doesn't change our path in the short term."

tegrate that data into marketing automation systems. The longer-term goal is to execute those campaigns within our own system and more in real time. We are working on audience builder functionality that shows a list of everyone at the event who is interested in, say, analytics and travel. Users will pull data from all the signals and filter into topics. Eventually, we want to enable push notification from within the app: "Hey, everybody, we see you are interested in analytics and travel. Join us for a special happy hour in two hours; let's bust a move and go." It's the ability to move these people closer to real time. For that, we think that Marketo is the wrong system, email is the wrong system; no one is looking at their email during an event. So we don't think that the Marketo-Cvent situation is a problem. ■



9 Key Findings from BTN's 2016 Corporate Travel 100

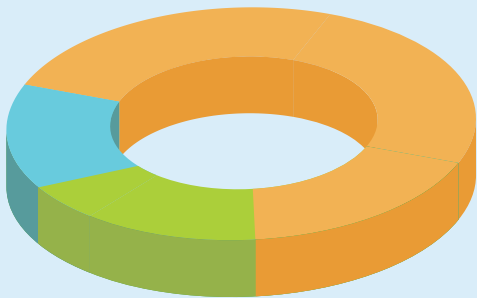
Every year, BTN surveys the biggest spenders in the corporate travel industry and profiles them in the annual Corporate Travel 100 issue. Looking at the information BTN collected in 2016 in aggregate reveals trends that will come in handy when setting travel management priorities for 2017.

one CUSHIER SEATS

Sixteen percent expected to have loosened their business class policies during the course of 2016. That may not sound like a lot, but this is the **first time** since BTN began CT 100 research that more companies expected to loosen this policy than tighten it.

2016 Business Class Policy

- Loosen policy **16%**
- Tighten policy **12%**
- No change **72%**



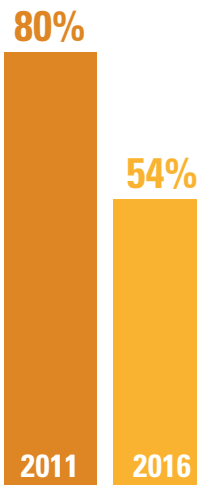
four A MIXED BAG FOR HOTEL AGREEMENTS

More than one-third reported that their hotel agreements had become less favorable. At the same time, **nearly 30 percent** said their hotel agreements had become more favorable.

five DYNAMIC PRICING IS ON THE UPSWING

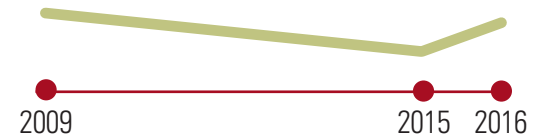
Though just over half refuse to adopt dynamic pricing, that's down from 2011.

Refuse to Use Dynamic Pricing:



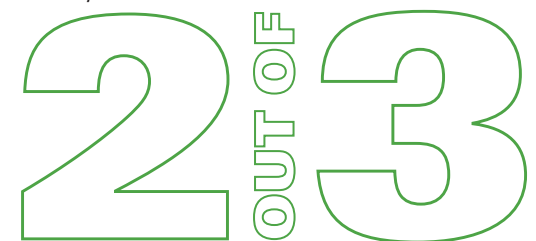
seven PRE-TRIP APPROVAL IS ON THE RISE AGAIN

In six years, pre-trip approval fell from **50 percent** of companies to **40 percent**. Last year, it crept back up to **48 percent**.



eight GLOBAL POLICY

Nearly



of the CT 100 have a single global travel policy.

two BETTER PRICING AGREEMENTS

Three-quarters indicated that the airline pricing agreements they had at the time they were surveyed were more favorable than their previous contracts.

More than half said the same of travel management company contracts.

three AIRFARE PRICING IS DOWN, BUT SO ARE DISCOUNTS

Average U.S. coach ticket prices are the lowest they have been in five years, but over the **past 10 years**, savings as a percentage of the published fare has declined from



six MIDPRICE & UPSCALE HAVE GAINED FANS

Half used more **midprice** hotels to manage costs in 2016,



and one-third increased their use of **upscale** hotels.



nine UBER, LYFT & KIN

40%

allow use of an on-demand ridesharing service like Uber or Lyft. That's more companies than are exploring any other new travel management opportunity like open booking, alternative lodging, mobile payment and virtual cards.



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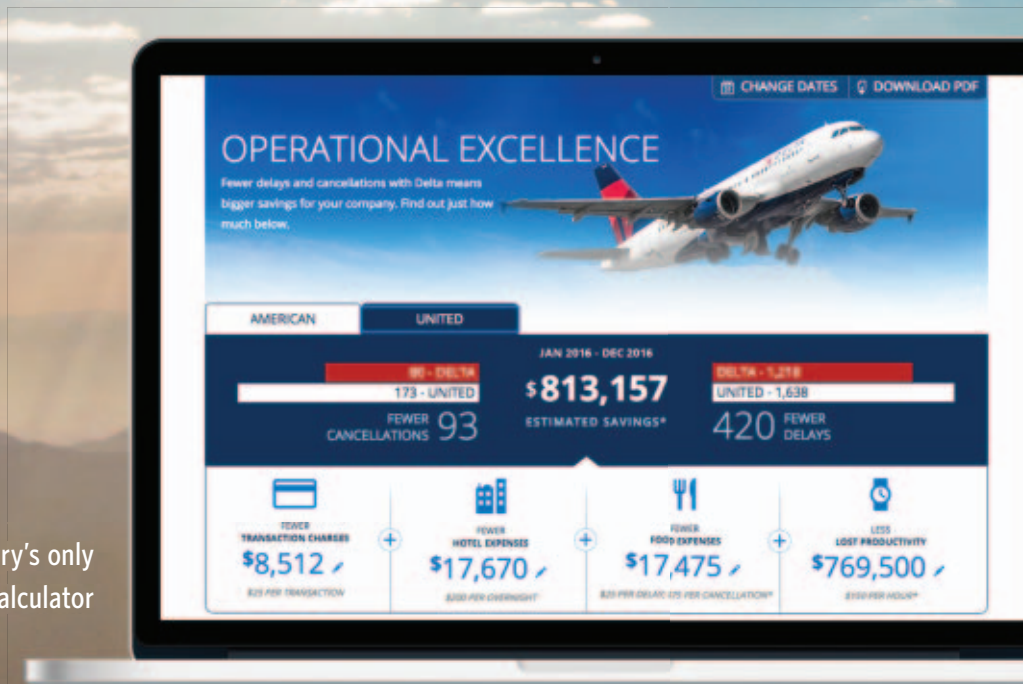
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Screenshot depicts a sample account for explanatory purposes only. The data displayed does not reflect actual data. The value of the "Estimated Savings" would vary based on actual account numbers. The value associated with "Transaction Charges," "Hotel Expenses," "Food Expenses" and "Lost Productivity" are customizable variables based on account preferences.

Trump Administration



Trump's Transportation Policies Will Reveal Themselves

AS TOLD TO BTN'S MICHAEL B. BAKER BY **JAMES BURNLEY**

FORMER SECRETARY OF TRANSPORTATION

From the moment he descended the Trump Tower escalator to announce his candidacy for U.S. president, Donald Trump has defied predictions. Nailing down what President Trump will mean for transportation issues is no less difficult, but former Secretary of Transportation James Burnley offered BTN some insight.

Air traffic control structure: House Transportation & Infrastructure Committee Chairman Bill Shuster's proposal to spin off air traffic control into a nonprofit entity separate from the Federal Aviation Administration failed in the Senate last year, but Shuster has indicated he plans to try again. Whether he succeeds, Burnley said, likely will be determined by the level of support he receives from Elaine Chao, Trump's pick for secretary of transportation. "In my experience in the Reagan years, when we privatized Conrail, it took us three years, and it took secretarial-level attention," he said. "With [then-Secretary of Transportation] Elizabeth Dole, the two of us worked on that every day. Secretarial leadership and engagement on these issues are very important, and I hope we see that."

Infrastructure: Trump promised \$1 trillion in infrastructure investments, so Burnley will be surprised if it isn't a focus of Trump's domestic policy. "In the context of the debate about tax reform in particular, there may be some serious discussion about infrastructure opportunities the federal government can encourage," Burnley said. "I know of no scenario that we'd have a stimulus-style bill à la 2009, but [we could see] freeing up capital in the private sector in various ways. Whether that is in the form of an infrastructure bank that a Trump administration can support, we'll see." Burnley also said, "One area we might see a focus on is accelerating the delivery of projects. It would not surprise me if [Trump] embraced a proposal or proposals to try to very substantially accelerate federal reviews of major infrastructure projects."

Open Skies: "For countries with restrictive bilateral agreements, there's been an emphasis on trying to move to Open Skies," Burnley said. "If you take the president-elect at his word on these matters, you're going to see the U.S. negotiating position perhaps be a bit stronger in terms of representing U.S. interests." Meanwhile, a coalition of major U.S. carriers and labor groups has been urging the government to revisit Open Skies agreements with Qatar and United Arab Emirates based on allegations that the three Gulf carriers get an unfair advantage from government subsidies; the Gulf carriers deny that. "There hasn't been a lot of overt activity from the Obama administration on that front," Burnley said. "It's too early to predict with any confidence what a new administration would do, but I would hope that is at the top of the list of issues for the new secretary of transportation and new secretary of state."

"One area we might see a focus on is accelerating the delivery of projects. It would not surprise me if [Trump] embraced a proposal or proposals to try to very substantially accelerate federal reviews of major infrastructure projects."



The Golden Age of Travel, Huh?

BY **RITA VISSER** ORACLE
DIRECTOR OF GLOBAL SOURCING

& GLOBAL PROCESS OWNER

I know I am not the only one looking to the next few months with a keen eye. People are wondering how our country will change or if it will change at all.

From the travel side, I am reading articles about how the new administration will be business friendly, how the stimulus packages will help drive business development, how the new administration will focus on keeping and creating jobs in the U.S., how the president is focused on infrastructure improvements in airports and aviation security.

If I believed everything I read, I would think the Golden Age of business travel is upon us. Companies will make more money and thus spend more on travel. Suppliers will benefit from programs that make them profitable. Travelers will be safer than ever before.

Then, I remember that I live in a world with other people. People who are set on doing the unspeakable (Fort Lauderdale, Orlando, Paris); companies that are going to falter and collapse, meaning people will lose their jobs. So while I look ahead to the next few months, I choose not to look at it with fear or delight. I choose to look at it with an open mind, a watchful eye and a trained ear.

2017 ... the year we all keep going!

Data Strategy



Machine Learning & Predictive Analytics Will Help Travel Buyers Close Intelligence Gaps

BY **AL NORMAN** P I LTD. DIRECTOR

AL NORMAN P I LTD. DIRECTOR

Corporate travel management is a data-intensive practice that has at times resembled an arms race between suppliers and buyers. Many travel managers have closed the data disparity that opened between them and suppliers several years ago by appointing analysts to their teams. Now, a new gap is opening as suppliers leverage their larger data sets and greater budgets to apply machine intelligence to analytics. It is about to become an imperative that travel managers do the same.

Machine learning and predictive analytics are complementary but separate technologies. Machine learning is better suited to transforming or extending data sets to make them more useful, while predictive analysis allows businesses to improve the way they use these transformed data sets to deliver value.

Suppliers are already using these advanced techniques daily, primarily to adjust the prices of their products each day or even each hour based on predicted and actual demand. Suppliers are also able to use the wealth of data from sources like loyalty accounts to shape traveler behavior.

However, these same tools also can help the travel manager cut through the complexity inherent in today's complex programs. Areas where these techniques can help manage travel are:

- Building a total cost of trip view by traveler across multiple data sources and refining what constitutes a trip over time

- Predicting future activity based on trends or external market factors and telling business users when they could be impacted, thereby enabling them to prepare or even prevent the change, such as predicting flight delays through weather and past airline performance
- Identifying when suppliers' dynamic pricing models will result in advance-purchase opportunities, prices below negotiated or sellouts
- Predicting travel budgets based on performance, industry forecasts and future staffing levels
- Matching individual transactions across agency, corporate card and expense data to eliminate duplication and clearly understand total spend
- Predicting the impact that events like the Olympics, the Super Bowl and corporate conferences will have on pricing and availability
- Cleaning up data sets in which the data has been too 'dirty' to carry out meaningful analysis

Leveraging data using advanced techniques will help mature programs find incremental value through lower cost, consistent quality and reduced risk. Driving these advanced analytics requires data. Companies can get started by scoping what's possible:

- Analyze available sources to find how to build links between them
- Determine the data quality. Think about completeness of data rather than the presence of unstructured text. Machine learning often can work with the latter
- Look at what you might want to predict. Start with a long list and perhaps work with a business intelligence partner to refine what is feasible.



2017: Data Strategy Will Step to the Forefront

BY **CARA WHITEHILL**

TRAXO CHIEF COMMERCIAL OFFICER

2017 will see data strategy emerge as a foundational priority for both corporate travel managers and the travel management companies they work with: How do you capture the full spectrum of travel booking data, regardless of where or how it's booked?

For the employee, the process of planning, shopping, booking, taking and expensing a business trip is time consuming. And that's before they get to the real work for the trip itself: closing the deal, attending the conference, meeting the client.

For the corporate travel manager, the process of managing a company's travel activity becomes exponentially more complex when multiplied by the number of traveling employees, booking sites, TMCs, mobile apps, forms of payment and suppliers involved. As programs get more flexible, either intentionally or when travelers take booking and supplier matters into their own hands, the need to keep up with the data sources becomes more critical.

Even programs with strong mandates and compliance can experience some gaps in data coverage. You can't manage what you can't see.

This, of course, is not news. In the Global Business Travel Association's 2015 TMCs Today and Tomorrow study of U.S.-based travel managers, 55 percent ranked data analysis/performance measurement/reporting as a top-three priority from their TMCs for the following five years. In a separate 2015 GBTA study called Travel Manager 2020, 57 percent of travel managers ranked leveraging/analyzing travel data to track program performance as

Making data strategy the centerpiece of a travel program will drive decisions on the downstream service providers travel managers enlist, from TMCs to expense management applications to duty of care providers to corporate booking tools.

a top-three most time-consuming activity. Bottom line: Everyday data management is important, time consuming and not suitably addressed by existing tools in the market.

This year, data strategy will move to the center of the corporate travel program and will drive decisions on the downstream service providers they enlist, from TMCs to expense management applications to duty of care providers to corporate booking tools. For those service providers, the ability to capture and integrate that data into their respective tools will no longer be a value add in 2017; rather, it will become the price of admission.

The trends toward traveler self-service booking, supplier-direct booking incentives, enhanced mobility tools and policy flexibility aren't going away. Companies that recognize this and focus on developing a comprehensive data strategy for their travel programs will be best positioned to get ahead—and stay ahead—of the intelligence curve.

Traveler Experience



The Retailing Revolution

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Has anyone else noticed the words "retailing" and "merchandising" being used more than ever before: travel suppliers talking about themselves as retailers and about defining strategies that enable them to upsell, just like a retail store might? It's not just talk either, senior executives are arriving in travel: from Walmart to Alaska Airlines, Best Buy to Sabre, NBCUniversal to CWT, and I'm sure there are more. To understand this shift, I've been following the retail industry throughout 2016 and can share that every headline I read about the future of retailing could apply to business travel, too. Needing to personalize the shopping experience, wanting to use the latest digital advances to reach a broader customer base, challenging the historical process and looking for new operating models. Sound familiar?

Business is, after all, just business. Whether you have a smartphone or a movie you're looking to sell, it's all product development, marketing, distribution, sales and customer service. So why, therefore, do we in business travel get so stuck in our ways and forget that the traveler is first and foremost a consumer? I'm not talking about the consumerization of business travel here. That's old news. Business-to-consumer travel brands determining the user experience—that ship has sailed; the expectations are already set. We should be looking to other industries to see what changes are happening to anticipate our traveler (consumer) needs. Amazon creating a supermarket where you no longer need to line up to pay is another disruption we, as consumers, have forgotten we need—hands up anyone who would choose to spend time standing in a line in a supermarket?—and yet this will fundamentally change how consumers feel about payment. Why do I need a piece of plastic? Why do I need to interact with anyone? This should all just happen and is just one example.

The savvy travel supplier is recognizing these changes and adapting the way it interacts with the traveler (consumer). The suppliers of airline seats, hotel rooms,

cars and trains have had to rethink their product offerings and sales/distribution strategies, best surmised by an industry exec in 2016 as: “We need to regain control of distribution; otherwise distribution will take control of us.” Some supplier moves have been pretty blunt and involved some bold B2C moves, which behind the scenes ultimately involve some form of intermediary. Others are taking their time to build out a multichannel platform—in retailing terms, an omnichannel or optichannel model—that enables a greater personalized, consumer-grade experience and at the same time meets each supplier’s own product differentiation strategy, such as upselling and brand consistency.

Travel buyers have some important decisions to make in 2017. How can they bring together these external dynamics with their own company priorities to create travel strategy and supplier programs, which in turn will drive the greatest value for their companies and the right-fit experience for the travelers?



Corporate Travel Must Personalize

BY **WILL TATE** GOLDSRING CONSULTING PARTNER

Personalization seems to be everywhere these days, from item suggestions when you log on to Amazon to the promoted photos and ads in your social media feeds. This level of personalization tends to be a mixed bag, however. Order one baby shower gift for a family friend or a duck call for your Uncle Bob, and suddenly your suggestion list is thrown through a loop. There have been inroads in correcting this phenomenon, and lessons learned in a retail application are being utilized within the travel industry with increasing rapidity.

Given this dynamic and swift industry development, many of the tried-and-true key performance indicators are becoming obsolete. One example: the view of the traveler experience. While today’s focus may be on social media commentary, text and email comments, another level of thinking is required for innovation. But before we discuss the how, we need to understand the why.

WHY THE EMPHASIS ON TRAVELER EXPERIENCE?

Studies consistently note that more of today’s business travelers prioritize life experiences over money. They prefer travel that permits a better work/life balance, rather than longer hours with bigger financial gains. This trend has caught on so much in recent years that HR groups report that interview candidates are asking for the company travel policy before accepting a position. Competition for top talent never becomes easier.

The personalization available through leisure sites also creates a gap from the corporate travel experience. Picking your specific hotel room or hotel pillow type or adding an excursion have become the new standard. It’s easy to see why travelers are becoming increasingly dissatisfied with the corporate experience. We seem to be approaching the breaking point quickly: Either improve the corporate travel experience, or watch leakage grow exponentially.

WHAT DOES THE FUTURE HOLD?

Measuring and justifying the somewhat squishy ROI of traveler experience initiatives is a challenge. We need a traveler experience metric that adapts to the changing market, bridges the gaps and sets the path

Despite companies’ best intentions, some business trips are hiding a darker side. Bad actors within some organizations use corporate travel and expenses to win business at all cost, even if it means bribery and corruption.



to the future. Consider a travel measure with two components: traveler preferences that are aligned with corporate preferences and a personalized traveler-level travel policy—all measured with purpose of travel and business outcomes in mind.

Traveler preferences could be weighted for:

- Travel durations (such as shortest, avoiding certain airports)
- Preferred suppliers (aligning corporate and traveler)
- Integration with supplier loyalty programs (for upgrades, amenities, priority boarding)
- Other specific travel preferences (rail over air, rental cars versus taxis/ridesharing)

A personalized travel policy could encapsulate:

- Where the traveler is in his or her lifecycle (e.g., single, married, kids or elderly parent dependents)
- Frequency of travel
- Type of travel (new sales, customer retention, building of company knowledge base, warranty issues, conferences)
- Need for productivity on trip

Think of the goodwill earned for the company from travelers when they know a personalized, customized travel experience has been built expressly for them and combined with duty of care and 24/7 support to achieve a level of service they will not find elsewhere. Combining traveler preferences with a personalized travel policy will provide a customized life experience for business travel, allow companies to compete for talent and close the gap on the personalized experience so often noted on leisure sites.

Look for 2017 to be the year that the push to quantify the traveler experience ROI gets the limelight and attention from senior management. Will an industry standard traveler experience metric be introduced? Perhaps not, but astute traveler managers with the backing of forward-thinking organizational leadership will do much this year to quantify the value of the traveler experience and move the discussion forward industrywide. Yes, ordering baby shower gifts and duck calls may spin personalization a bit, but it’s a required step toward the travel program of the future.

Regulation



Bribery: The Hidden Risk Inside Business Travel Programs

BY **ISAAC BOWMAN** INFOSYS CONSULTING PRINCIPAL

We all know that business travel promotes business relationships, helps companies establish new markets and brings key people closest to the customer—traits that are essential for gaining a competitive edge in today’s dynamic market. But despite companies’ best intentions, some bad actors use corporate travel and expenses to win business via bribery and corruption.

Per The World Bank, “About \$1 trillion is paid each year in bribes around the world.” In response, governments and trade groups have created hundreds of laws, rules and regulations on bribery and corruption. The U.S. Foreign Corrupt Practices Act is the best known.

The FCPA allows U.S. companies to pay for govern-

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ment officials' "reasonable and bona fide expenditures, such as travel and lodging expenses" in limited situations like demonstrations or site visits. However, using travel to hide bribes is a common theme in FCPA investigations. I know of nine FCPA cases in 2016 that involved fraudulent trips; two involved domestic travel.

Despite the global complexity of all these rules governing business expenses, it takes only a single employee for an entire company to be at great financial and reputational risk (see the September 2015 Yates Memo from the U.S. Department of Justice). Posting a travel policy that bans bribery isn't enough. In a case from December, the SEC stated a company "failed to prevent such payments or detect red flags" despite having a clear policy in place.

Failure comes at a hefty cost. Government fines can reach millions of dollars, in addition to the disgorgement of 'illicit profits.' One large global retailer has already spent \$612 million on internal FCPA compliance costs since 2013 and is tracking toward a daily cost of \$1 million. These are costs the shareholders certainly don't welcome. Worse, it's the reputational risk: This impact can reach 9 percent of a firm's total profits over three years, according to Goldman Sachs and The Economist.

The risk looks even higher in 2017. Bribery "tips" increased 62 percent last year, due in part to million-dollar rewards from Dodd-Frank's whistleblower protections. To investigate the influx of leads, the FBI launched three international corruption squads and the DOJ doubled the number of corruption prosecutors.

Domestic travel programs face bribery and corruption risks, as well. In the U.S., 36 states have laws specifically prohibiting commercial bribery, while the Travel Act makes violations of those state laws a federal crime if the bribery involved travel.

The complexity and global scope of the problem needs a crossfunctional approach. A holistic tactic brings together compliance, finance, travel, analytics and even sales functions within a company. Putting more spend under management and digitally transforming manual processes is critical to what the SEC calls "program effectiveness." This means fully automating everywhere, not just primary systems in major markets. Bribery is a risk that carries a heavy cost. Effectively managing this risk can create a competitive advantage for your organization's growth.

Market Analysis



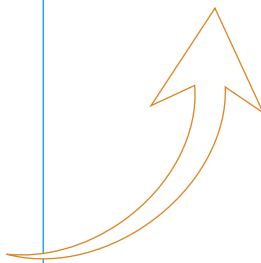
Airline Fares & Class Segmentation May Prompt Buyers to Reexamine Their Policies

BY **MICHAEL B. BAKER**
BTN TRANSPORTATION EDITOR

Airlines will ratchet up segmentation strategies this year, leaving buyers with more options and, in some cases, more policy headaches.

United Airlines' Basic Economy fare hits distribution channels soon. For several years, Delta has had its own Basic Economy fare that restricts travelers from seat selection and flight changes, but United took it a step

Airlines will ratchet up segmentation strategies this year, leaving buyers with more options and, in some cases, more policy headaches.



further by restricting Basic Economy passengers to one personal item, eliminating their use of overhead storage space, in other words. American Airlines will introduce a Basic Economy fare similar to United's in February (see page 23).

While these restrictions might seem a nuisance for the business travel industry, corporate travelers are not the target audience. Rather, airlines are looking to compete directly with low-cost carriers that fly the same routes. Delta executives have said travel buyers by and large block Basic Economy fares from corporate booking tools, which no doubt will be the case for United's and American's fares, as well.

On the other end of the economy class spectrum, both Alaska Airlines and American Airlines now offer premium economy cabins on select flights rather than offering extra-legroom seats within the standard economy section. Delta's premium economy cabin will appear on select international flights later this year, and JetBlue will expand its premium Mint offering with new aircraft this year.

These offerings appear largely on long-haul flights, and the option to bump travelers up from economy at a much lower price point than business or first class, provides buyers an opportunity to reevaluate premium travel policies.

Airlines are not likely to slow down segmentation this year, either. United is exploring a premium economy offering, and an announcement could come in the first months of this year. Southwest Airlines is switching to a new reservations system this year that increases its ability to sell ancillary products and services, meaning it can explore segmentation.

Outside the U.S., segmenting is allowing carriers to take on rivals. Air France, for example, is creating a company to compete with Gulf carriers on long-haul flights and plans to operate 10 long-haul aircraft by 2020.

Whether this model of increasing segmentation is sustainable, of course, is another matter entirely. Tony Fernandes, founder and CEO of low-cost carrier AirAsia, said at the Association of Corporate Travel Executives Global Summit in Amsterdam that eventually, airlines either will go the low-cost route or will focus on full-service travelers. "It's amazing to me to see what is being built and being done for service, but airlines trying to do everything—those days are numbered," he said. "That's going to be one of the major changes over the next 10 years."



Machine Learning Will Go Mainstream in Expense Management

BY **JOANN DELUNA**
BTN PAYMENT & EXPENSE EDITOR

Few expense management firms employed machine learning before 2016, but booking tools like KDS using that type of artificial intelligence for predictive booking have made it popular in corporate managed travel. And last year, machine learning expanded within the expense management side of the business.

In September, Expensify combined several AI capabilities—including online customer support, its real-time pricing feature Price-to-Best, and a setup wizard—into a virtual assistant named Concierge. This followed Expensify's launch of Realtime Expense Reports in August 2015 and the decision in January 2016 to make it the default setting. The tool automatically submits expenses

for users after they've scanned a receipt, and it can flag duplicate expenses and automatically approve and reimburse those expenses that are ready for submission.

In October, Deem acquired hotel technology provider Olset, which aims to increase hotel attachment rates for travel management companies. It collects data points from hotel websites, user reviews and other sources and uses artificial intelligence to match hotel searches to each traveler's preferences. Deem president and COO John Rizzo said the technology also could also be used for expenses: The system could flag expenses and amounts that are out-of-the-ordinary for a particular traveler or for Deem's entire traveler pool. It also could learn to contextualize what spend is considered acceptable in different cities and countries and allow a single expense, rather than an entire report, to be withheld for reimbursement.

And in December, Coupa acquired U.K. data management and analytics tool Spend360 to obtain its machine learning capabilities. With Spend360, Coupa can compile and analyze spend outside its own platform using machine learning rather than rules-based programs or actual people, a true differentiator in the expense management market.

For years, people have promoted the value of Big Data, but as companies collect copious amounts, the question has become: What do I do with it? AI holds the key to analyzing not only your own data but also to benchmarking against the industry.



Hoteliers Are Looking to Loyalty to Drive Down Distribution Costs, Attract New Travelers, & Track Existing Customers

BY **JULIE SICKEL** BTN
LODGING EDITOR

In 2016, major hotel companies revamped their loyalty programs and introduced direct booking discounts linked to loyalty membership. The factors that drove these decisions are still in play, and the stakes are arguably higher in 2017, as Marriott International more fully integrates with Starwood Hotels & Resorts; as hotel owners pressure hotel companies to make sure the ends justify the means for discounted pricing; and as the industry's business cycle softens.

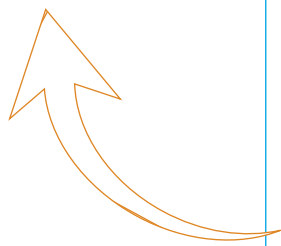
DIRECT BOOKING DISCOUNTS

When Hilton Worldwide introduced its direct booking campaign, CEO Christopher Nassetta said the initiative wasn't "a flash in the pan." Hilton and the other companies that introduced such discounts to attract customers and to bring travelers into direct channels to lower distribution costs seem fully committed to keeping their programs in place. And according to these hoteliers and industry analysts, the discounts are working.

Some investors are asking, however, whether the loyalty rates provide discounts to travelers who already would have booked with a property, discount or no. Revenue per available room is forecasted to be weaker in 2017 than during the past few years, and hotel owners may push back on these discounts or opt out entirely if they think the discounts are dragging down revenue.

2017 also could shine a brighter spotlight on the true value of corporate and travel management com-

Because global data is increasing rapidly and events are instantaneously reported on social media, the opportunity for predictive analytics to anticipate problems down to the neighborhood level has arrived.



pany discounted rates versus these direct booking rates. Travel managers in 2016 already found some of their rates were lackluster when compared with loyalty rates at certain properties. According to figures provided by TripBam, loyalty rates are beating corporate negotiated rates at small and midsize programs 5 percent of the time, just as frequently as TMC discount rates do.

NEW TECH & DIGITAL MARKETING

Part of drawing travelers into loyalty programs is offering them an improved experience via mobile apps, and this will be a big area to keep an eye on in 2017. Already in January, Marriott has expanded its app-powered Mobile Key from 25 properties to 500 and rolled out mobile service requests at 4,000 hotels. With Marriott's now massive scale, both in portfolio size and loyalty program members, competitors will be looking to attract and hang on to customers through their own enhancements. Hoteliers like Intercontinental Hotels Group and Hyatt Hotels Corp. that have toyed with keyless entry may go all in, while those that have already made advancements in mobile, such as Hilton Worldwide with its Digital Key, could move forward with other, more creative initiatives.

Hotel companies have always had an eye on driving incremental new revenue. In 2017 and beyond, though, they'll look more to digital channels and data to do this. Hoteliers are trying to find out as much about individual travelers as possible and will use everything they learn from analytics and loyalty membership information to drive booking conversions through hypertargeted advertising and marketing. Duetto VP of managed services Calvin Anderson, an advocate for using Big Data to drive revenue opportunities in the hotel industry, is optimistic about how this will affect corporate travel. With hypertargeted advertising and conversion tracking, he said, broad marketing campaigns won't lure travelers away easily because each traveler's data will tell hoteliers that that individual is in a managed program. Until that day comes, however, travel managers should be aware that the problem of managed travelers being marketed to directly could get much worse before it gets better.

Travel Risk Management



Predictive Analytics Will Level-Up Duty of Care

BY **MARK DUMAS** PLANET-
RISK CHIEF STRATEGY OFFICER

The complexity and frequency of world events significantly threaten and impact travelers more so every day. The world is interconnected and events can cascade into a chain reaction of delays, frustration or worse: violence. At the same time, the power of globally connected mobile devices means information is always in the hands of today's business travelers. It all adds up to the capability to provide real time information directly to travelers. What seemed far-fetched a decade ago is now achievable.

Predictive analytics, at the forefront of data science,

employs powerful information systems to scan and recognize when factors will converge to yield problems. This is not new; hedge funds employ this to anticipate stock market moves and medical care providers to anticipate patient reactions to planned treatments.

Now, a new class of innovation is looking at the world in much the same way. Because global data is increasing rapidly and events are instantaneously reported on social media, the opportunity for predictive analytics to anticipate problems down to the neighborhood level has arrived. Risk management organizations, too, will benefit from a leveled-up standard for duty of care. Connected business travelers will be able to travel with confidence, security and knowledge and will be able to focus more on productivity and less on uncertainty.

Imagine a business traveler or travel arranger receiving an automated notification when they book a hotel in a location deemed to be high risk or unsafe. The online booking tool could suggest an alternative that is safer based on historical incident data and the possibility of an incident occurring in the near future (e.g., 80 percent chance of criminal activity in the area based on past events). Machine learning algorithms will manage the process based on the risk levels the organization's risk management team had already set.



It's Time to Acknowledge Diversity as Central to Corporate Travel Duty of Care

BY **ERIN WILK** FACEBOOK
GLOBAL TRAVEL SAFETY &
SECURITY MANAGER

When I was a child, my career aspiration was to be a teacher or a preacher. I knew from a young age that I simply wanted to help people. From my days as a professional matchmaker to years spent in staffing to almost a decade in corporate security, my desire to help others has gotten stronger as I see the world in which we live and work become decreasingly kind and increasingly dangerous.

For business travelers, there's a material impact of such increased risk. As companies expand internationally, and also domestically, the responsibility of protecting people, assets and operations becomes more complex. Essential travel risk management components become paramount, and those include traveler tracking, medical and security assistance services and clear and concise communication streams with travelers.

And the definition of "traveler" should include all travelers—for example: male and female travelers, LGBTQ travelers, travelers to high-risk destinations. The truth is that duty of care—the company's legal obligation to ensure its employees are safe—exists. With this realization comes the enormous responsibility on the part of the employer to ensure that all classes of traveling employees are protected. This can be challenging yet can be accomplished through a variety of efforts from stakeholders on both sides.

We need more travel risk management suppliers to come to the table with factual and digestible intelligence and information as it relates to diverse workforces. We need concise and relevant guidance to keep various traveling populations safe and secure throughout the world with its ever-changing laws and customs. And it is time for honest dialogue within the industry. We need to help each other initiate the necessary conversations to ensure these needs are addressed.

It is uncertain what pricing strategy the merged Marriott and Starwood will implement; which of the 30 brands will remain; how prone they'll be, with over a million rooms worldwide, to participate in bids; and how markets with limited options for business travelers will be affected.

Beyond that, diverse and inclusive environments need to be acknowledged among all corporate employees. As a start, pre-travel training targeted to each group outlined above should be offered to every employee. While individual employees may not travel or they may not identify as a member of the LGBTQ or female traveling population, maybe someone they work for, work with or manage does. Creating increased awareness can drive more thoughtful decision-making and can support risk management recommendations that deliver impact.

If I could teach or preach anything right now, it would be that traveler safety and security must be everyone's business. When we all share in this responsibility, we make the world more open and connected in a way that is inclusive and helps keep all traveling employees safe.

Sourcing



Buyers Break the Hotel Procurement Cycle

BY **APRIL BRIDGEMAN**
ADVITO MANAGING DIRECTOR

Change is constant. Digital is magnifying stale practices that are in need of reinvention. This environment signals a glaring misalignment between hotel management and market dynamics.

Procurement has long relied on annual sourcing cycles to manage hotel spend. Yearly planning offers a road map at the time when property rates are loaded, but set-it-and-forget-it category management is no longer enough.

Today's market requires a lot of buyers, making it difficult to keep pace with changing business needs, to track market fluctuations, to measure the value of preferred rates against what's available and to make adjustments throughout the year. In 2017, more travel buyers will adopt a year-round approach to manage hotel performance rather than limit hotel management to the traditional RFP season.

FOUR TRENDS ACCELERATING THIS SHIFT

Supplier consolidation is game-changing: Consolidation has increased over the last two years. While the Accor/Fairmont, HNA Tourism/Carlson Hotels and Marriott/Starwood mergers didn't have vast impacts on 2017 negotiations, the implications for 2018—particularly from the Marriott/Starwood merger—will be significant. Now's the time to prepare. Buyers who do prepare already have established the analytics structure to anticipate, gauge the impact and respond to changing scenarios before hotel season.

Hotel rates are in flux: Hotel rates are generally softening, but they fluctuate market to market. It is unclear if the downward shift in North America and the Middle East, the upward change in Asia and Latin America or the steady trend in Europe will continue. Buyers who maintain a pulse on how markets are changing between cycles are better equipped to adjust and continuously improve their programs.

Persistent yield management strategies are rising: Suppliers are becoming sophisticated in controlling their inventory. They adjust rates on a daily, even hourly, basis. They promote dynamic, or best available, rates; fixed rates; or a hybrid of the two. And some offer special rates to travelers who book directly. As a result, preferred rates on average are unavailable

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for booking 35 percent of the time. Corporate travel buyers with additional visibility into supplier strategies can monitor changes in a complex hotel market and adjust elements dynamically.

Noncompliance becomes engaging: Most hotel compliance rates hover around 50 percent to 60 percent largely because few companies mandate preferred hotels. Most reimburse travelers who choose nonpreferred properties, who fail to book the preferred rate or who don't book in advance causing high leakage. Buyers who actively engage and communicate with travelers are defying these averages.

Buyers will respond to market fluctuations and ongoing changes in the hotel category by adopting a dynamic approach. The key is to invest in ongoing program management so you can break the sourcing cycle and improve your hotel program. Going forward, there will be no managing hotel spend without this year-round strategy.



How 2016 Will Impact 2017 TMC Economics

BY **ANDY MENKES**

PARTNERSHIP TRAVEL CONSULTING CEO

To say that there were dramatic changes in 2016 would be an understatement, but a few major travel "events" will have a longer-term impact on travel management company financial models, which ultimately impacts the fees paid by corporate buyers for TMC services.

Three major events that come to mind are the Lufthansa direct connect model in Germany, a recent airline-global distribution system lawsuit in New York and a major TMC's adoption of the position that it will have to surcharge its clients for "nontraditional airlines."

TMC compensation models moved from 100 percent supplier funded to a hybrid in 2002. How does a corporate travel buyer or procurement manager know how profitable his or her account is for the TMC or how much room there is/was to negotiate a better deal? The answer depends on a list of variables and definitions, including:

Contribution to corporate revenues: This is a nice way of saying which of the TMC's preferred airlines your company flies and at what average ticket price—for example: if your preferred airline is Airline A and that's not an airline that pays overrides to the TMC. You will never be able to know those true numbers.

Hotel commission contribution: If the TMC is not sharing the hotel commissions on your account, then the more non-negotiated hotels you book, the more revenue goes to the TMC. That's certainly easy to model, but if only 50 percent of your hotels are booked via the TMC, you are impacting its GDS revenue stream and its hotel commissions.

Dedicated vs. designated: Our industry-recognized definition is that "dedicated" agents or account managers are exclusive. "Designated" means shared but primarily assigned to your account. We now see TMCs using "dedicated" to mean "mostly exclusive." Look that one up on Wikipedia.

Agent-assisted booking fee: The fee you pay for an "online unassisted booking" should be significantly lower than the offline (by phone) fee. Once you make a booking online unassisted (touchless) but then have to call the TMC, they will invoke the agent-assisted fee based on their subjective (or contractual) definition. That could range from calling an agent to ask if you are in an aisle seat to adding a hotel. It should apply when a new transaction/invoice occurs, not a phone call that can't be audited.

At the end of the day, the partnership between the corporation and the TMC should be fair and equitable, but that can occur only when there is financial transparency and a common definition of terms.

Overall contract language: Be aware of language that includes "exclusive," "de-implementation costs," "low fare guarantee," "audit," "annual increase" (one of my favorites was a COLA increase annually that included online touchless), "automatically renews," "affiliate" and my favorite, the definition of a "transaction." You would be amazed at how many variations exist.

This is the short story. At the end of the day, the partnership between the corporation and the TMC should be fair and equitable, but that can occur only when there is financial transparency and a common definition of terms.



Multinational Programs Will Experiment with Hotel Savings Options

BY **SUZANNE NEUFANG**

HRS AMERICAS VP

Consolidation is giving hotel chains more justification to raise rates worldwide, and most foreign cities offer a broad range of business-grade hotels, so savvy U.S.-based travel managers are engaging with their local teams outside the U.S. to learn about local hotels and access rate scenarios that offer both flexibility and savings.

When HRS launched in the U.S. in 2015, we noticed U.S.-based corporations deploying unique practices to get more out of their lodging budgets outside the U.S. Here are some repeatable strategies we see more buyers using as 2017 gets underway:

Change out 10 percent to 20 percent of corporate preferred hotels during RFP season, regardless of when that season takes place: This is critical outside the U.S. in markets where there has been a lot of new hotel growth like China or where the big global chains hold a minority of the local inventory like Brazil or just about any second-tier manufacturing city. One of our global insurance customers changed out 30 percent of its program this year and realized significant savings.

Ditch Excel: Online collaboration tools bring global stakeholders together. Practitioners are ecstatic at the reduction of "administrivia" in their everyday lives: Less email! Fewer huge attachments to manage! And less consolidation of stakeholder feedback because it can all be done in the online collaboration tool.

Leverage the Global Business Travel Association's meetings module in your transient hotel RFP: In years gone by, we saw only a handful of buyers negotiating for some small meetings. This past season, every other client was engaged on small meetings and tried to bake in some preferred pricing in multiple cities.

Engage on extended-stay options, both in your annual sourcing season and in ongoing hotel procurement: Moreover, more properties with extended-stay options are willing to offer deeper discounts on those rates in exchange for the room night commitment. Travel buyers under pressure from CFOs are raising awareness among travelers and travel arrangers about these options in their programs. HRS had added to its portfolio more than 2,000 extended-stay units across the top North America business city centers in the past two years.

Consider outsourcing: An outside expert can optimize an element of your program, and travel managers can target their new free time to strategic tasks.

Perhaps what's really happening is time management, as buyers take back time from the historically time-consuming operational elements of multinational hotel programs. ■



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CONGRATULATIONS TO THE BTN GROUP BUSINESS TRAVEL HALL OF FAME CLASS OF 2016

David Neeleman

Founder of Four Low-Cost Carriers

"[JetBlue] started treating customers like they actually were paying our way rather than being an annoyance, which is kind of the way I felt flying on the other guys."

In 1984, Neeleman co-founded low-cost carrier Morris Air with June Morris, the owner of Salt Lake City-based travel agency Morris Travel. As president, Neeleman implemented the industry's first electronic ticketing system and pioneered a reservations system that enabled reservationists to handle calls from their homes. After Morris Air was sold and he worked for a short while at Southwest Airlines, he developed the electronic ticketing system he'd initiated at Morris Air into Open Skies, the world's simplest airline reservations system. David sold Open Skies to Hewlett-Packard in 1999. Also during this period, he co-founded and consulted for Canadian low-cost carrier WestJet. He founded JetBlue in New York in 1998 and served as chairman and CEO for 10 years. Born in Brazil while his father was Reuter's Sao Paulo bureau chief and a dual citizen, Neeleman, returned many times, and he founded Brazil carrier Azul in 2008. It serves more than 100 destinations with more than 140 aircraft and was the first airline in Latin America to offer LiveTV inflight TV programming via satellite, as was JetBlue in the U.S. Neeleman also led the consortium that bought a 50 percent stake in Portugal's national carrier TAP in June 2015.

Cindy Heston

Veteran Travel Buyer on the Leading Edge of Data & Loyalty

"Having the ability to shift share, regardless of volume, was actually a bigger lever you could pull with an airline than even hundreds of millions of dollars of spend."

Heston's team of 16 manages the travel and events needs of more than 50,000 at Anthem. The health insurer recently brought its meeting staff under her umbrella, adding events to her title. Heston also served for 19 years as global travel manager for Thomson/Technicolor, but she began her travel industry career in sales at US Airways. BTN has long recognized Heston's clear focus on data and her strategic management of supplier partners to elevate her corporate travel programs to best in class. BTN recognized Heston as Travel Manager of the Year in 2000 and as a Best Practitioner in 2008 for her meetings management accomplishments and again in 2013 for leveraging new technology. BTN named Heston one of the 25 Most Influential Executives in the business travel industry in 2013 and 2016. Heston continues to be a leader in working with suppliers to drive innovation, deliver more and better data and leading traveler satisfaction initiatives.

John Davis III

Father of Electronic Hotel Distribution

"In '89 when we started, it was going to take years and a lot of money [to set up one-on-one interfaces between 16 hoteliers and seven global distribution systems]. So the hoteliers got together and decided maybe there was another solution, another way out."

In the '80s, 16 major hotel companies asked Davis to create a switch to connect their inventory with global distribution systems and thus to lower hotel reservation distribution costs, and thus, in 1989, he launched The Hotel Industry Switch Co. In 1992, he formed the first hotel commission clearinghouse, HCC, and in 1995, he launched TravelWeb.com, the first website to offer real-time online hotel reservations. Its booking engine and content database became the foundation for Pegasus' online distribution business, which powers thousands of sites, including Hotwire, Expedia and Orbitz. In 1996, Davis combined THISCO, HCC and TravelWeb to create Pegasus Solutions, and it went public in 1997. In 2000, it acquired REZsolutions, and in 2006, Prides Capital acquired Pegasus for \$275 million and took it private. Davis further consolidated hotel distribution switch services in 2007, as Pegasus purchased GuestClick and Wizcom, and Davis left Pegasus in 2008. BTN has named him among its annual 25 Most Influential Executives in the business travel industry six times.

Head to www.businesstravelnews.com/halloffame2016 for videos and Q&As with David Neeleman, Cindy Heston & John Davis.



Frank McNamara

Inventor of the Charge Card

"Frank's simple insight became the genesis of modern purchasing power. It changed and created a category. He forged an entirely new financial industry while propelling many other industries along with it."

—Discover Global Network global ad/brand & marketing VP Sheryl Yasger

In 1949, Frank McNamara received the bill after entertaining clients at New York City's Majors Cabin Grill and realized he'd left his cash at home. His wife, Evelyn, came into Manhattan from their Long Island home and paid the bill, but the embarrassment gave him an idea for a way to carry less cash and get receipts for bookkeeping and tax purposes. Or at least that's how the legend goes. McNamara ran a small loan company, and we do know that in February 1950, he paid the check at Majors Cabin Grill with a small cardboard card, Diners Club card number 1000. That, the world's first credit card transaction, paved the way for the multipurpose charge card. Within its first year, 44,000 Diners Club members could use their cards to pay at 400 restaurants, 200 rental car agencies, five florists and 30 hotels. McNamara sold his interest in 1952. Alfred Bloomingdale soon bought the company, merged it with a competitor he'd started a year earlier and went international. By 1958, Diners Club had enlisted 19,000 businesses across 76 countries. In that same decade, Diners Club became the first credit card to introduce a travel insurance policy. The cardboard card turned plastic in 1961, and in the 1970s, Diners Club launched its first range of corporate cards and, a decade later, introduced Club Rewards. Discover Financial Services acquired Diners Club International in April 2008. On Dec. 31, 2009, BMO Financial Group acquired the Diners Club North America franchise, giving it exclusive rights to issue Diners Club cards to corporate and personal clients in the United States and Canada.

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Left to right: David Neeleman, Cindy Heston & John Davis III

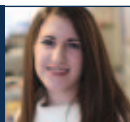
HALL OF FAME SCHOLARSHIP WINNERS



United SVP of worldwide sales Dave Hilfman presented the United Airlines Business Travel Hall of Fame Scholarship to Mihaela Kozanova, a second-year master of science student at New York University's Jonathan M. Tisch Center for Hospitality and Tourism.



BTN Group SVP and group publisher Louis Magliaro awarded the BTN Group Hall of Fame Scholarship to Jessica Yeh, a member of Tisch Center's class of 2017.



2017 Hotel RFP Season Gave Some Power Back to Buyers

The 2017 hotel RFP season proved more favorable for buyers than in recent years, as corporates saw softer rate increases than projected and a slightly more amenable negotiating climate as the season progressed. “We saw a really big shift to a buyer’s advantage in most of the markets, much more so than we thought we would,” said Eric Jongeling, director of Americas hotel solutions for Carlson Wagonlit Travel.

Year over year, CWT clients saw 1 percent to 2 percent average daily rate increases in both the U.S. and Canada. On the West Coast of the U.S., clients experienced ADR increases of 3 percent to 7 percent, which were still below CWT’s initial projections. Rates in Latin and South America declined 2 percent to 4 percent year over year. Results in Europe and Asia/Pacific proved to be a mixed bag, as rate increases sat between 0 percent and 2 percent in both regions. Middle East hotel rates plummeted between 6 percent and 8 percent.

The season also provided a better climate than in previous years for small and midsize enterprises. “Volume still rules and large programs are able to see the highest level of discounts,” Jongeling said, “but there’s more of an opportunity for smaller types of programs to have their voices heard.”

CWT’s results are on par with the rate increases BCD consultancy Advito reported. Advito/BCD clients saw ADR in North America increase an average 1.3 percent year over year. Rates also increased slightly in Europe (0.9 percent), the Southwestern Pacific (1 percent) and Africa (0.3 percent) and remained flat in Asia. ADR declined in both Latin America (2.2 percent) and the Middle East (6.1 percent). Like BCD and CWT, HRS reported increases late last year.

Key trends and takeaways from the power shift from sellers to buyers:

The Marriott-Starwood Merger Loomed Large

The recent merger of Marriott International and Starwood Hotels & Resorts had little impact on the 2017 hotel RFP season, according to Advito senior director and global hotel practice leader Marwan Batrouni. Nevertheless, “the Marriott-Starwood consolidation is on everyone’s mind. Everyone is trying to anticipate how things are going to come together next year.”

While there were no direct changes this RFP season as a result of the merger, Jongeling said, Marriott did seem more accommodating than in seasons past. Last year in a white paper on the Marriott-Starwood merger, CWT reported that during the 2016 hotel RFP season, Marriott International declined to bid 18 percent of the time, twice as often as Hilton Worldwide and more than three times as often as Starwood. This year, Marriott responded “to more of our bids more quickly and with more frequency than they historically had,” Jongeling said.

Negotiating Proved Valuable

The 2017 hotel RFP season played out in the shadow of a shifting hotel cycle, broad economic uncertainty and an unprecedented U.S. presidential race. Had buyers settled at the prices proposed at the start of

Differing Rate Forecasts for U.S. Hotels

PwC’s updated lodging forecast, released in January, puts occupancy at 65.3 percent for 2017, down from 65.5 percent in 2016, and puts ADR at \$127.01, up 2.6 percent year over year. CBRE Hotels’ Americas Research pegs occupancy at 65.3 percent, down only slightly from 65.4 percent in 2016, and predicts an ADR increase of 3.3 percent in 2017.

“The Marriott-Starwood consolidation is on everyone’s mind. Everyone is trying to anticipate how things are going to come together next year.”

— ADVITO’S MARWAN BATROUNI

the RFP season, they would have missed out on opportunities to save as the season progressed. “Where we started with the initial bid from hotels was pretty much in line with our expectations,” Jongeling said. “Then, as we went through negotiations, we saw significant declines from that initial bid across the board globally.”

Advito saw similar results, according to Batrouni. At North American hotels, for instance, the average initial offer proposed was 2.4 percent higher than the existing contract, but the final average increase came in at 1.3 percent higher. Similar results played out across all other global regions.

Dynamic Pricing Didn’t Quite Arrive

With the hotel cycle shifting and a strong desire on the part of both hoteliers and buyers to shorten the negotiating season, 2017 had been shaping up to be the year of dynamic pricing. That’s not how it played out.

Jongeling said that in spite of heightened conversation around dynamic pricing going into the season, it didn’t take off. “The [programs] that were always doing it continue to do it,” he said. “Others are looking for opportunities on where it makes the most sense. It’s really shifted from an overall looking at dynamic to ‘OK, where’s my best opportunity to have a fixed negotiated versus a dynamic?’”

Batrouni said Advito and BCD took steps last year to make dynamic rates more attractive for clients going forward. The company now collects and tracks market information, auditing thousands of properties on a monthly basis for best available rates. “Dynamic rates have always been somewhat of a mystery,” he said. “If a program is going to be offered 15 percent off of BAR, what does that really mean? Now we have access to a full year worth of data where we are capturing best available rates, and we can immediately go back and apply that 15 percent discount to what we captured to be able to inform clients of what it means in terms of rate to have that discount.”

Buyers Really, Really Want a Shorter RFP Season

Batrouni and Jongeling both said there was a push from corporate clients to experiment in the 2017 RFP season.

Advito saw promising results from a new “fast track” method. Using the previously mentioned market data and a client’s existing negotiated rates, it sent the specific rates the client wanted to pay to the key properties in the program’s key markets. Properties that accepted moved to the fast track and were highly considered when it came time to make final acceptances. “This is the first year where we are going through a fairly robust analysis up front and coming up with the right, realistic rates that we go in and request before the RFP process even begins,” Batrouni said.

CWT said there was a renewed interest for two-year agreements from clients trying to avoid the annual RFP headache. “We have reasons behind why it hasn’t worked in the past,” he said, citing rate changes that often lead either the supplier or the travel buyer to prompt renegotiations. “But I know that push to do it is going to continue to happen.”

Jongeling said corporates included fewer preferred hotels in their programs, instead switching to rate caps per market. That reduces the number of RFPs a program sends out and comes off as more traveler friendly because it allows more choices for where to stay. ■



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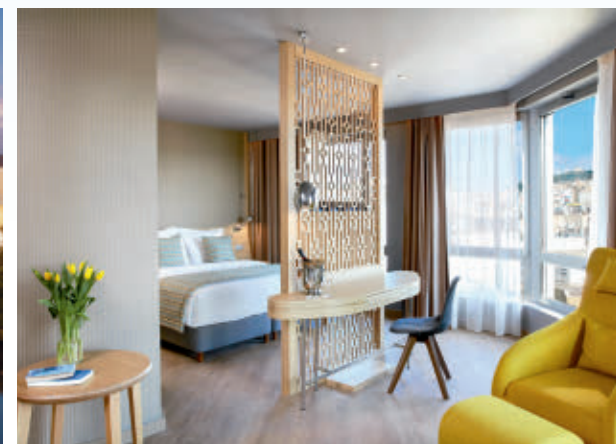
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Coupa Strengthens Data Analytics with Spend360 Acquisition

Spend management provider Coupa has bolstered its data analytics capability with the acquisition of Spend360, a U.K. data management and analytics tool that uses machine learning. The deal closed at the end of December.

Coupa's existing data analysis offering has been limited to the data that's processed and contained on the Coupa platform. To offer customers the ability to analyze spend outside its platform, it would partner with companies like Spend360 and KPMG, according to Coupa VP of strategy and product marketing Donna Wilczek.

"[Spend 360] is complementary technology around data classification and data cleansing where any data, wherever it has originated, can be processed through this engine," Wilczek. "That's a really big thing because what we're finding is that businesses are running so many technologies and they don't have a good handle on where they are spending."

Spend360 can accept data in different formats and languages via direct integrations with companies' enterprise resource planning systems and other business systems or via files provided by clients. The company claims a differentiation from the market in that it uses machine learning rather than rules-based programs or actual people to compile and analyze data. This allows Spend360, for

"It's a really important acquisition even though it's really small because SAP Ariba ... has this [spend-classification] technology and Coupa did not."

—AZUL PARTNERS' JASON BUSCH

example, to learn to identify when different systems refer to a hotel by different names and then to classify it under the same spend category. This enables companies to more accurately view spend with each supplier.

While Coupa plans to integrate the Spend360 capability into the Coupa platform in the future, Coupa clients can purchase the offering soon for a fee. The company has yet to finalize pricing, and Wilczek said implementation could take a few weeks.

Coupa will inherit the full Spend360 team and its data warehouse, which has processed more than \$1 trillion in spend since launching in 2011, Wilczek said. Coupa also will gain Spend360's customers, which research firm Spend Matters estimated at more than 400 worldwide. Coupa and Spend360 are both clients of Spend Matters.

"From a strategic perspective, it's a really important acquisition even though it's really small because [procurement management tool] SAP Ariba—and Concur is part of SAP—has this [spend-classification] technology and Coupa did not," said Jason Busch, founder and head of strategy and research at Azul Partners, which owns Spend Matters. "Now, Coupa can go to any size customer and say, 'We can bring you best-in-class spend classification.'"

Busch said it will probably be easier for Coupa to upsell the Spend360 capability to its customers than to upsell the Coupa spend management platform to Spend360 clients. Still, the opportunity for both is there. "In the end, Coupa can say, 'Well you should be putting this [spend] through Coupa regardless,'" he said. "That's clever."

The expense and spend management sector has been heating up since SAP acquired Concur in 2014. Coupa closed its IPO in October, and Busch and other analysts said the money raised would fund more acquisitions. ■

Appeals Court Will Not Reconsider Amex Victory Against the DOJ

The U.S. Department of Justice's next stop in its fight against American Express may be the Supreme Court. In September, an appeals court ruled in favor of Amex, preserving the anti-steering rules the card network imposes on merchants, and now the court has refused the DOJ's request to reconsider.

Amex forbids its merchants from steering customers to cheaper forms

of payment, and the DOJ claims that is "an unreasonable restraint on trade" for merchants and cardholders. Amex stated, "As we have maintained all along, we believe the DOJ's claims lack merit and would not provide any benefit to consumers."

The case, which Amex has been fighting since 2010, has been long-winded and may yet go on. "We will continue

"We will continue to vigorously defend the 2nd Circuit panel's decision if the DOJ decides to seek review by the U.S. Supreme Court."

—AMERICAN EXPRESS

to vigorously defend the 2nd Circuit panel's decision if the DOJ decides to seek review by the U.S. Supreme Court," Amex said.

Travel merchants like Southwest Airlines and Drury Hotels—along with major retailers, grocers and pharmacies—also oppose Amex's "nondiscrimination provisions" on merchants. ■

Time Line: DOJ Vs. Amex





American Launches Basic Economy Fare

Next month, American Airlines will introduce a Basic Economy fare that, like United's planned Basic Economy offering, precludes passengers from carrying on bags that require overhead storage.

The fare will begin selling in February in 10 markets. Similar to the Basic Economy fare that United announced in November, American's fare does not allow passengers to choose their own seats, and passengers are placed in the last boarding group and are limited to carrying on a single personal item that can fit under the seat. Passengers who neglect this and have to check a bag at that gate will be charged an extra \$25 on top of the standard checked-bag fee.

Passengers with elite status who purchase Basic Economy, however, maintain their boarding and baggage privileges, as with United's fare.

"American Airlines now has something to offer every customer, from those who want simple, low-price travel to those who want an ultra-premium experience via First Class,"

"This new fare product gives American the ability to compete more effectively with the growing number of ultra-low-cost carriers."

— AMERICAN AIRLINES
PRESIDENT ROBERT ISOM

American Airlines president Robert Isom said.

He added that the carrier "will work hard to ensure transparency" about the restrictions, including alerts at the time of purchase on American's channels and via agencies and online travel sites. The carrier also will remind Basic Economy ticketholders of the restrictions as their travel dates near. American plans to expand Basic Economy "in line with customer interest," according to the carrier.

United & Delta Basic Economy Updates

United will begin selling its Basic Economy fares later this quarter for travel in the second quarter on flights into and out of Minneapolis-St. Paul International Airport, United president Scott Kirby said. "We have service to all of our hubs from there, so we can roll it out and make sure everything works."

From there, United plans to expand to the rest of its domestic system in the "not-too-distant future," as well as to shorter international flights to such destinations as the Caribbean, he said. It will consider putting Basic Economy on long-haul international flights, as well.

Delta president Glen Hauenstein said its Basic Economy fares will expand, from 40 percent of the domestic network to full domestic coverage by midyear. Delta plans to achieve complete global network coverage by 2018. ■

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Delta Sees Ripe Environment for Fare Increases

Delta expects to increase fares this year amid growing corporate demand and controlled capacity, executives said during the carrier's fourth-quarter earnings call.

In Delta's most recent survey of corporate customers, 85 percent planned to maintain or increase travel spend during the first quarter, Delta president Glen Hauenstein said. After the U.S. presidential election in November, the carrier saw business demand improve and yields begin to firm up. While yield for the fourth quarter declined 2.7 percent year over year, December was the first month in two years in which yield increased year over year.

"If the economy holds out, which we're forecasting it will, and business continues to travel, which we forecast it will, the opportunity to raise fares" is significant, considering the industry is offering less capacity, Hauenstein said. The opportunity to increase fares on a year-over-year basis will get "better as we move throughout the year because the fares got to be so low for business travel by mid-year last year." Fares on major business routes are down 30 to 40 percent from historical levels, so increases will be a "journey, not a race," he added.

During the fourth quarter, Delta increased capacity 0.9 percent as traffic increased 0.8 percent. Load factor declined 0.1 percentage points to 85.1 percent. Delta plans to "remain conservative and keep our capacity growth in check" this year to reverse two years of unit revenue decline, Hauenstein said.

Meanwhile, the carrier has solidified its partnership with Aeromexico while halting a codesharing relationship with Alaska Airlines.

Delta & Aeromexico Accept Antitrust Requirements

Delta and Aeromexico have accepted the U.S. Department of Transportation's stipulations for antitrust immunity, clearing the way for a cooperation agreement between the two carriers. The carriers will cut out 24 slots in Mexico City and four at New York's John F. Kennedy International Airport.

Delta CEO Ed Bastian expects the joint venture to go into effect April 1. The two carriers will be able to coordinate destinations and frequencies and increase cooperation on sales and marketing initiatives. They

4
Transborder slots Delta & Aeromexico must divest at JFK

24
How many they must cut in Mexico City

also can work together to co-locate facilities in airports and invest to improve gates and lounges. In addition, Delta can proceed with plans to increase its minority stake in Aeromexico to as much as 49 percent, putting that investment in line with Delta's stake in Virgin Atlantic.

"Together, Delta and Aeromexico are stronger in the U.S.-Mexico market than either airline can be on its own," Delta CEO Ed Bastian said. "The partnership will make it possible for us to offer customers more flights to more destinations with more choices every time someone travels across the border."

The carriers' agreement appeared to be in jeopardy in recent months when the DOT said it would require the carriers to divest 24 transborder slots from Mexico City's Benito Juarez International Airport and six slots at JFK. Delta protested the decision, and while the DOT's final order decreased the JFK divestiture to four slots, it left the Mexico City requirements unchanged. Eventually, however, the carriers accepted the order.

Alaska & Delta Will Drop Codeshares

On May 1, Alaska Airlines and Delta will stop codesharing. The end of their agreement also means they will discontinue reciprocal earning and redemption in their respective rewards programs, though Delta and Alaska will maintain an interline agreement in which travelers using both airlines can combine ticketing and checked baggage functions. Travelers still will earn reciprocal miles for travel on or before April 30.

Delta, which has been building up capacity in Alaska's headquarters city, Seattle, said the carriers "codeshare on only a small number of flights, as Delta's growth in Seattle has reduced the need for codeshare flying." Since 2013, Delta has more than tripled its number of flights and destinations from Seattle, according to the carrier.

The Department of Justice, in its antitrust clearance for Alaska's acquisition of Virgin America, which closed recently, required Alaska to reduce its codesharing with American Airlines but made no stipulations regarding its partnership with Delta.

Alaska also has lowered the number of reward points required for redemption. The carrier previously required travelers to spend a minimum of 12,500 points for any interstate flights. Now the minimum is 5,000 points, which travelers can redeem for flights of less than 700 miles. Additionally, elite members of Alaska's Mileage Plan program are now eligible for complimentary upgrades when booking reward travel in the main cabin. ■

United Adds Baggage Handling & Carbon Footprint to Its Performance Guarantee

United Airlines has expanded its Global Performance Commitment to guarantee corporate customers that its 2017 mishandled baggage report will be better than either American Airlines' or Delta's. Additionally, United is promis-

ing an annual carbon footprint that is lower than both American's and Delta's. United's commitment already covers on-time performance and cancellations.

The carrier introduced its performance commitment, in which it guaran-

tees compensation to qualifying corporate clients should it fail to meet the promised operational standards, in late 2015, following a similar introduction by Delta that year. Delta since has added baggage handling to its commitment, although United is the first to add carbon footprint.

United's commitment also differentiated its commitment by defining an on-time arrival as reaching the gate at or before the scheduled time. Delta had gone by the U.S. Department of Transportation's definition, which allows a 15-minute grace period, but has since matched United's method of measuring on-time arrivals. ■

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Global In-Flight Wi-Fi Coverage to Grow in 2017

In-flight Wi-Fi is available on 39 percent of available seat miles globally and 83 percent of U.S. carriers' ASMs, according to Routehappy's 2017 Wi-Fi Report.

Globally, the number of carriers that offer in-flight Wi-Fi is 70, 11 more than at this time last year. Coverage should increase further this year, as several major global airlines reached agreements in 2016 to add or expand Wi-Fi, according to the report. "2016 was the year that airlines outside the U.S. committed to high-quality in-flight Wi-Fi at a rate only previously seen by U.S. carriers, and 2017 will see those commitments come to life," Routehappy CEO Robert Albert said.

Lufthansa and Austrian Airlines, for example, are testing Wi-Fi on short-haul flights. Service is available on five aircraft at each carrier. Lufthansa projects the entire Lufthansa A320 fleet will be outfitted with the service by mid-2018 and all 31 Austrian Airlines aircraft will have it by the end of April 2017. Lufthansa also plans to install service on 69 Eurowings aircraft by this summer. Lufthansa and Austrian are making the Wi-Fi access

Wi-Fi Availability

39%
of available seat miles globally

83%
of available seat miles in the U.S.

free during the testing phase to "provide the data necessary to further enhance the service ahead of its market launch." Once the service officially launches within the next few months, pricing will be on three tiers: one for passengers needing only email or messaging services, one for Internet surfing capabilities and one for streaming.

According to Routehappy, Delta, United Airlines and Emirates offer the most Wi-Fi-enabled ASMs. Virgin America was the only U.S. carrier to have Wi-Fi available on 100 percent of its flights, according to Routehappy; Alaska Airlines acquired Virgin America in December. As the report came out, JetBlue announced completion of Wi-Fi installation on all 227 of its planes, though the service is available only when flying above the contiguous U.S. On flights longer than 2,800 miles, Emirates, United and Lufthansa have the most expansive Wi-Fi offerings, the report indicated. ■

"2016 was the year that airlines outside the U.S. committed to high-quality in-flight Wi-Fi at a rate only previously seen by U.S. carriers."

—ROUTEHAPPY CEO ROBERT ALBERT

Southwest Will Boost Service to Ohio, Florida & West Coast

Southwest Airlines will add several routes this year, including service from Cincinnati and more service in Florida and the West Coast.

On June 4, Southwest will challenge Delta at its Cincinnati hub with service to Chicago Midway International and Baltimore-Washington International airports. A Southwest spokesperson said corporate clients were a big part of the decision to add the service and that the carrier already had secured agreements with corporations in the region before announcing the service.

Delta downsized its Cincinnati hub significantly after its 2008 merger with Northwest Airlines, which earned it hubs in Detroit and Minneapolis-St. Paul.

Southwest also will add service between Cleveland and Atlanta and is boosting its service between Cleveland and St. Louis. Its service from Akron-Canton and Dayton, Ohio, however, will end June 3.

On the West Coast, Southwest

will add several routes out of San Diego, including to Boise and Salt Lake City and seasonal service to Newark, Spokane and Indianapolis. It also will add service between Portland, Ore., and San Francisco and between San Jose and Reno, as well as seasonal service between Oakland and Newark.

In Florida, Southwest is bulking up service from Fort Lauderdale, including new routes to Grand Cayman, Montego Bay, Belize and Cancun. On the domestic side, the carrier will add nonstop service from Fort Lauderdale to each Orlando, Washington Dulles and Philadelphia. Southwest also is adding service between Tampa and New York LaGuardia and between Pensacola and Denver.

Other flights planned to begin June 4 include service between Newark and Indianapolis and between Nashville and Minneapolis. In all, Southwest plans to boost capacity 3.5 percent year over year in 2017. ■



Leadership Changes

Southwest chairman, president and CEO Gary Kelly will give up his president title to Thomas Nealon, who will oversee technology, corporate delivery and corporate strategy. Commercial and finance responsibility will come under Nealon's domain later this year. Nealon had been chief information officer from 2002 to 2006 and sat on the board of directors from 2010 to 2015. He rejoined the company a year ago as EVP of strategy and innovation. Additionally, Greg Wells is now EVP of daily operations, Andrew Watterson has become SVP and chief revenue officer, and Steve Goldberg is now SVP of ground operations and provisioning. VP of labor relations Michael Ryan will retire March 1, and Russell McCrady will take over.

—Amanda Metcalf

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Takeaways of the US Airways-Sabre Verdict

On Dec. 20, an 11-member jury found that Sabre “unreasonably restrained trade” via a 2011 contract with US Airways. That carrier had filed its federal suit against Sabre in April 2011, just months after entering into a contract with the global distribution operator. The airline was successful in a claim that Sabre’s full-content contract provision, a content-parity provision, a surcharge provision and a direct-connect provision were anticompetitive. The jury, however, did not find in the airline’s favor on a separate claim that alleged Sabre conspired with global distribution system competitors Amadeus and Travelport.

A New Lever

The lawsuit was limited in scope. It centered on a now-expired contract Sabre held with a now-defunct airline. Yet, American Airlines, which merged with US Airways, took up the mantle and saw the case through to the verdict it wanted. Importantly, the verdict does not prohibit Sabre from negotiating for full content, nor does it oblige the GDS operator or its competitors to toss out certain contract provisions, even though a jury found that they restrain trade.

As opposed to a big-bang catalyst that forces immediate change in distribution, sources described the verdict as “a tear in the fabric” of GDS full-content agreements and a “canary in the coal mine.”

After the jury’s decision, Sabre insisted it operated within the bounds of law. It will contest the verdict and most likely will file an appeal. In the meantime, Sabre and other GDSs “will continue to sign contracts with airlines that are binding,” said Marc Rosenberg, a former Air Canada executive who now consults with airlines on GDS contracts through his firm, Strataconnex. “It definitely is a signal that [the GDSs] have to start thinking of doing business differently.” US Airways argued that Sabre refused to entertain a non-full-content deal in their negotiations and used its market power to insist on these onerous contractual provisions. Sabre countered that US Airways never negotiated in earnest for a non-full-content deal.

After the verdict, one airline lawyer commented, “Having a jury determine that the provisions in that contract were illegal obviously raises very serious implications for Sabre if they want to continue to insist on them in contracts.” As airlines negotiate contracts with Sabre—and potentially as they negotiate with other GDSs—they now have more power to refuse these provisions, which among other things have required airlines to provide the GDS with equal access to all their fares. They can use this new leverage to obtain price reductions or to waive restrictions they find onerous. Airlines can play hardball and threaten to file their own lawsuits.

“It’s too early at this stage to come to any long-term upside [for airlines], other than it’s in the public domain now and there is a verdict against Sabre, which certainly, as a negotiator, I would bring up,” said Rosenberg. “I don’t believe at this stage they’re going to do too much to change the way they go about doing business.”

“Having a jury determine that the provisions in that contract were illegal obviously raises very serious implications for Sabre if they want to continue to insist on them in contracts.”

—AN AIRLINE LAWYER SPEAKING ANONYMOUSLY

Rosenberg likened the verdict to “a single match to a bonfire.” He continued: “There’s a bit of smoke, but we need a lot more smoke. I’m not of the opinion that any other airline will take the risk to push it beyond a contract negotiation under nondisclosure in a private room.”

Wolfe Research airline analyst Hunter Keay wrote in a research note, “There is a long-term place for the GDS model for network airlines, but this verdict may be the beginning of a longer-term shift away from restrictive, commoditizing terms that enable airlines to not only know their customers better but also cut distribution costs and drive upsell opportunities to all types of customers during the booking process.”

Keay noted that American’s “successful argument that Sabre abused its market power should give [American] more leverage to pursue contractual terms that change the current relationship between the two companies to its own advantage.” For example, Keay wrote that American theoretically would be freer to negotiate the right to “keep its cheapest fares restricted to its own website” and possibly to “deal directly with travel agencies in an effort to de-commoditize the airfare shopping process.”

Yet, any new rights that airlines may wrangle from Sabre and/or other GDSs would only come through contract negotiations, unless ...

Diminished Enforcement Actions?

One question that came up with airline representatives: Will Sabre continue to enforce aggressively the contract provisions the jury found to be anticompetitive? If, for example, an airline that’s subject to a full-content agreement willfully withheld deeply discounted fares from the GDS, how much appetite does Sabre have to retaliate by biasing fare displays, filing breach-of-contract suits or taking other actions? Some speculated that Sabre would be more gun-shy.

Other Lawsuits

Emboldened by American’s victory, other airlines may follow with their own lawsuits that challenge similar GDS contract provisions. Sabre had identified this as a potential risk in its most recent annual report. “Other airlines might likewise seek to benefit from any unfavorable outcome by bringing their own claims against us on the same or similar grounds,” Sabre noted. Indeed, there now is a vast case history and a playbook for how to pursue a GDS antitrust case.

DOJ, Awake

In 2011, the Department of Justice confirmed it was “investigating the possibility of anticompetitive practices in the GDS industry.” That investigation has been dormant but has not closed. Several sources said the verdict could awaken the federal antitrust regulator’s investigation into GDSs.

Sabre’s most recent quarterly report highlighted several courses of action the DOJ could pursue. Of course, it could close the probe and take no action. Yet, if the DOJ deepens its probe and concludes GDSs engaged in anticompetitive conduct, it could “seek a consent decree to remedy issues it believes violate the antitrust laws,” Sabre noted. The DOJ also could file a lawsuit against Sabre and/or other GDSs to pursue a court-ordered injunction to prohibit any anticompetitive conduct.

One source questioned whether a jury verdict would be enough to sway the DOJ to action. Yet, if US Airways prevails through Sabre’s planned appeal, the verdict could gain authority. ■

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CONTINUED FROM FRONT PG

facilitate sales of ancillary services, from paid seats and checked bags to Wi-Fi and lounge passes, depending on what content airlines make available. Access to ancillary content is available from more than 40 carriers, including Air Canada, Delta Air Lines, EasyJet, Lufthansa, Qantas and United Airlines, according to SeatAssignMate's site.

For agencies, the emails are a "value add," said Li, as they enable self-service for travelers, enable ancillary purchases and provide a messaging platform. He named Options Travel in the United States, Fly365 in Australia and Deira Travel in the United Arab Emirates among agencies SeatAssignMate is working with. Illinois-based Options Travel confirmed that work with SeatAssignMate is underway but declined to discuss in detail. "We have had a positive experience but need a little more time to complete our efforts," president Donald Buynack noted.

Li argued that agencies are ill equipped to sell ancillary airline products and services. Some content is in the GDS; some sits with airlines. Frontline agents lack tools and training to address ancillary transactions, he said. Further, many online booking systems lack capabilities for such transactions. "A lot of agents simply tell travelers, 'For this service, call the airline,' or, 'For this service, visit the airline website.' That's not a value-added agency," said Li. He continued: "By giving agencies this email, you shift the booking effort back to the travelers. Then, in the back end, you have SeatAssignMate to facilitate the request and response and the reporting."

SeatAssignMate syncs current pricing and availability data, as well as ancillary content, from various sources, including GDSs and airlines directly. The startup said its technology supports IATA's New Distribution Capability standard. It tracks ancillary bookings and provides agencies with reports on sales and electronic miscellaneous documents issued. "We provide the whole package, from the initial touch point of email sending to a request of booking, payments and reports," said Li. "Agencies never have to get out of their GDS portal. The travelers

never have to go to any third-party site to do this. It's all within their own world."

Li acknowledged some education is required for travelers to understand that the email is dynamic and its content can change. Of course, some confirmation emails go unopened, while others get buried in inboxes from the time they're sent to the time of departure. "Once you realize this email reflects real-time content, you automatically go back to look at it again and again," he said. "In some cases, people store the email in a separate folder so they can easily find it." SeatAssignMate also is working on some experiments, borrowing some gamification elements, to keep recipients coming back to the email.

As for when ancillaries are transacted, "Once you have a booking request, you'll be directed to a pop-up box, which for security purposes we ask travelers to put in payment information in a secure site. Once that is recorded, everything will be running in the back end to communicate with either the GDS or the airline." ■

What Travelers Can Do Within SeatAssignMate Emails

- Check seat availability
- View seat maps
- Select seats
- Click to a a secure site to buy better seats & other ancillaries
- Flight check-in (for some airlines)
- View a countdown to departure

January Brings Meetings Tech Layoffs

BY ELIZABETH WEST

DoubleDutch trimmed 40 percent of its workforce in January as the company downshifts in pursuit of profitability. This is the second round of layoffs for the company in six months. DoubleDutch cut approximately a quarter of its staff last July.

CEO Lawrence Coburn told BTN the cuts were strategic and that the company is coming off what he called "an important year" in shifting the company's client focus to enterprise customers with strategic objectives that marry well with the DoubleDutch data product. "We learned that we had a good segment of our business that was really healthy, but a non-trivial segment that was un-

healthy. By unhealthy, I mean high churn and bad product market fit. So back in July [with the first round of layoffs], we started to shed that portion of the business funds, Coburn said. "But we want to control our destiny, raise on our own terms and with a strong cash position."

Cvent-Lanyon Merger Precipitates Layoffs

Meanwhile, following the merger of Cvent and Lanyon, layoffs are underway at the Dallas office, which had served as Lanyon's headquarters. The company let go approximately 100 workers on Jan. 17.

A spokesperson for the com-

pany underscored that eliminating certain positions was expected with the merger of two such similar firms as Cvent and Lanyon. "Unfortunately, as is common in a merger, operational redundancies and overlaps were found and some of those positions from Lanyon were eliminated. These decisions were not made lightly, and we are actively working to help those employees transition to new roles in other Vista companies."

Vista Equity Partners, Cvent's new private equity owner as of late November, owns a multitude of cloud-based software-as-a-service and data companies. Cvent layoffs were largely local to the Dallas office, and the search for new positions within Vista for impacted employees also will focus on the local area.

Unofficial reports from outside Cvent said layoffs extended somewhat beyond redundancies and into client-facing functions.

Still, the Cvent spokesperson pointed out that the meetings technology company is hiring aggressively, despite reorganization. "The company continues to grow, and we have more than 250 open positions around the world," he said. ■

Business Travel News (USPS 0728-870, ISSN 8750-3670) January 30, 2017 Issue 812 Vol. 34, No. 1. Business Travel News is published monthly except semi-monthly in March, April, May, August, September and October by Northstar Travel Media, LLC, 100 Lighting Way, Secaucus, NJ 07094 (201) 902-2000, and is distributed free of charge to qualified corporate travel buyers and travel agents specializing in business travel in the United States and Canada. The cost of a print subscription to non-qualified subscribers is \$129 in the U.S.; \$142 in Canada and Mexico; and \$210 in other foreign locations; the cost of a digital edition subscription is \$65; payable in advance in U.S. dollars. Registered for GST as Northstar Travel Media USA GST No. 264513185. Canadian GST #123397457. Periodicals postage paid at Newark, NJ, and additional mailing offices. Business Travel News is a trademark owned exclusively by Northstar Travel Media. Copyright © 2016 by Northstar Travel Media, LLC. Reproduction of this magazine, in whole or in part, is prohibited unless authorized by the publisher. Editorial and advertising offices: 100 Lighting Way, Secaucus, NJ 07094. For all circulation inquiries, including new subscriptions, renewals, cancellations, changes of address and problems with missed deliveries, contact customer service by mail at Business Travel News, P.O. Box 47655, Plymouth, MN 55447; by phone at (800) 869-6882; fax at (866) 658-6156; e-mail at btn@kmpsgroup.com; or www.businesstravelnews.com/subscribe. POSTMASTER: Send change of address to Business Travel News, P.O. Box 47655, Plymouth, MN 55447. Printed in the USA.

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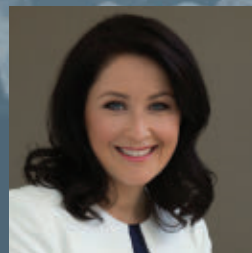
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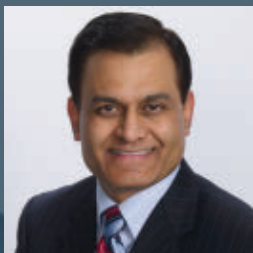
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